United Nations A/57/772/Add.2

General Assembly

Distr.: General
3 April 2003

Original: English

Fifty-seventh session
Agenda items 126 and 135

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Mission for the Referendum in Western Sahara

Financial performance report for the period from 1 July 2001 to 30 June 2002 and proposed budget for the period from 1 July 2003 to 30 June 2004 of the United Nations Mission for the Referendum in Western Sahara

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Mission for the Referendum in Western Sahara (MINURSO) for the period from 1 July 2001 to 30 June 2002 (A/57/674) and on the proposed budget for the Mission for the period from 1 July 2003 to 30 June 2004 (A57/675 and Corr.1). During its consideration of the reports, the Committee met with representatives of the Secretary-General, who provided additional information.

2. By its resolution 690 (1991) of 29 April 1991, the Security Council established MINURSO for an initial period of six months. Since then, its mandate has been extended by the Council in various resolutions, the latest of which was resolution 1469 (2003) of 25 March 2003, by which it was extended until 31 May 2003.

I. Financial performance report for the period from 1 July 2001 to 30 June 2002

3. The General Assembly, by its resolution 55/262 of 14 June 2001, appropriated an amount of $50,481,396 gross ($46,716,010 net) for the maintenance of MINURSO for the period from 1 July 2001 to 30 June 2002, inclusive of $1,477,457 gross ($1,296,614 net) for the support account and $154,339 gross ($138,596 net) for the United Nations Logistics Base at Brindisi, Italy. Expenditures for the period

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totalled $39,090,500 gross ($36,339,200 net), resulting in an unutilized balance of $9,759,100 gross ($8,941,600 net). Full reported expenditure amounted to $40,896,600, including $1,806,100 in voluntary contributions.

4. The unutilized balance of $9,759,100 gross ($8,941,600 net) resulted from reduced requirements for military and police personnel ($1,648,900), civilian personnel ($6,263,800), operational requirements ($1,846,400) and staff assessment ($817,500).

5. The comments of the Advisory Committee on the information contained in the performance report (A/57/674) on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget (A/57/675 and Corr.1) in section III below.

II. Information on performance for the current period

6. The Advisory Committee was informed that, as at 28 February 2003, the cash position of MINURSO amounted to $2 million. Assessment on Member States amounted to $490,835,600 and payments received totalled $434,994,210. Total unliquidated obligations for the period from 1 July 2001 to 30 June 2002 were $3.4 million, and current loans were $3 million from the United Nations Mission in Haiti and $1 million from the United Nations Transition Assistance Group.

7. The Advisory Committee was informed that, as at 28 February 2003, $6.5 million had been reimbursed for troop costs for the period from inception to 31 March 2002 and that the amount owed for the period from 1 April 2002 to 28 February 2003 was $258,900.

8. With regard to reimbursement for contingent-owned equipment, the Advisory Committee was informed that, as at 28 February 2003, $5,138,900 had been reimbursed; the estimated amount owed was $5,404,600; and unliquidated obligations for contingent-owned equipment amounted to $1,715,500. As regards death and disability, 10 claims had been settled, amounting to $315,400; the balance of obligations amounted to $401,200, with one claim remaining.

9. On the disposal of assets, the Advisory Committee notes from the report of the Board of Auditors that assets amounting to $4.9 million are pending write-off or disposal.[1] Upon enquiry, the Advisory Committee was informed that the Mission has 250 vehicles to dispose of but local regulations make it very difficult to complete the process quickly.

10. The Advisory Committee notes from the report of the Board of Auditors that the procurement plans of MINURSO were not included in the overall procurement plan owing to a delay in their submission to the Procurement Division.[2] Upon enquiry, the Advisory Committee was informed that the delay was due to the fact that most staff trained in procurement had left the Mission. **The Committee points out that this is another example of the need for better staff management.**

11. Upon enquiry, the Advisory Committee was informed that the fund management tool had not yet been deployed in MINURSO.

12. The Advisory Committee was provided with expenditure data for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003 (see annex I below).

Expenditure for the period amounted to $25,180,800 gross ($23,878,100 net) against an apportionment of $41,529,500 gross ($38,488,500 net).

III. Proposed budget for the period from 1 July 2003 to 30 June 2004

13. As indicated in the summary of the report of the Secretary-General (A/57/675 and Corr.1), the proposed budget for MINURSO for the period from 1 July 2003 to 30 June 2004 amounts to $42,463,300 gross ($39,144,700 net), exclusive of voluntary contributions, representing an increase of 2.2 per cent when compared with the amount of $41,529,500 gross ($38,488,500 net) approved for the period from 1 July 2002 to 30 June 2003.

Military personnel

14. For the period from 1 July 2003 to 30 June 2004, the authorized number of military observers is 203, the same as for the period from 1 July 2002 to 30 June 2003. The related cost estimates amount to $4,608,100, representing a decrease of $192,900 (4 per cent) when compared with the $4,801,000 approved for the period from 1 July 2002 to 30 June 2003 (see A/57/675 and Corr.1, sect. II.A, table 1). The decrease is due mainly to lower air fares for travel of military observers than in the current period. Expenditure for military observers for the period from 1 July 2001 to 30 June 2002 amounted to $5,034,100 out of $5,298,300 approved (see A/57/674, sect. II.A).

Civilian personnel

15. With regard to staff resources, the Advisory Committee notes that 424 posts are requested for the period from 1 July 2003 to 30 June 2004, representing an increase of one (for a P-5 post) when compared with the 423 posts for the period from 1 July 2002 to 2003 (see A/57/675 and Corr.1, sect. II.B, table 2). The additional P-5 post is for the Deputy Chief Military Observer. **The Committee recommends against granting this request for reasons given in its general report.**

16. **The Advisory Committee notes from additional information provided that a large number of staff have been retained in the Mission for extended periods of time. The Committee trusts that, consistent with the needs of the Mission to retain trained personnel, renewed emphasis will be placed on mobility.**

17. The estimates for the period from 1 July 2003 to 30 June 2004 provide for $19,457,800 for international staff and $1,767,800 for national staff. For the current period, expenditure for international staff, as at 28 February 2003, was $11,503,700 out of the approved amount of $19,941,700 and for national staff was $884,900 out of the approved amount of $1,693,100 (see annex I below). For the period from 1 July 2001 to 30 June 2002, expenditure for international staff was $18,636,700 out of the approved amount of $24,811,900 and for national staff was $1,084,100 out of the approved amount of $1,172,700 (see A/57/674, sect. II.A).

18. This pattern of expenditure reflects a very high vacancy situation. For example, as at 31 December 2002, only 26 posts out of 81 authorized for the civilian police and only 131 out of 300 authorized for international staff were encumbered.

Notwithstanding the high rate of vacancies, the Advisory Committee notes that a vacancy rate of 5 per cent was applied to international staff for the period from 1 July 2003 to 30 June 2004, compared with a zero rate applied for the period from 1 July 2002 to 30 June 2003. In the case of military police, a zero rate was applied.

19. The Advisory Committee notes that the estimates for salaries, common staff costs, staff assessment and mission subsistence allowance take into account the suspension of the activities of the Identification Commission and have been calculated on the basis of a staffing establishment of 185 international staff (51 Professional and above, 79 Field Service, 49 General Service (Other level) and 6 Security Service) in lieu of the authorized strength of 300 international posts. **In view of the performance data cited above, the Advisory Committee doubts the accuracy of the staffing cost parameters in paragraph 8 of the budget document and believes that related estimates are overstated.**

Operational costs

20. With regard to operational costs, the Advisory Committee notes from table 1 of section II.A of the budget document (A/57/675 and Corr.1) that the amount of $15,403,200 is requested for the period from 1 July 2003 to 30 June 2004, representing an increase of $1,679,300 (12.2 per cent) when compared with the amount of $13,723,800 approved for the period from 1 July 2002 to 30 June 2003. Expenditure under operational costs for the period from 1 July 2001 to 30 June 2002 amounted to $13,025,000.

21. The amount of $347,500[3] is requested for official travel for the period from 1 July 2003 to 30 June 2004, representing an increase of $146,900 (73 per cent) when compared with the amount of $200,400 approved for the period from 1 July 2002 to 30 June 2003. Included in the amount of $347,500 is $89,000 for official travel for training. This is in addition to the amount of $144,800 requested to train 32 staff. Expenditures for official travel for the period from 1 July 2001 to 30 June 2002 amounted to $263,700, representing an increase of $78,400 (42 per cent) when compared with the approved amount of $185,300. The Advisory Committee notes that of the amount of $263,700 more than half ($184,200) was for training- and management-related activities and only $79,500 was for political consultation and travel within the Mission. Similarly, for the period from 1 July 2003 to 30 June 2004, of the amount of 347,300 requested for official travel, more than half ($221,900) is for training- and management-related activities and only $125,400 is for political consultation and travel within the Mission. The Committee has commented on official travel for management and training in its general report on peacekeeping operations.

22. The amount of $2,155,600 is requested for facilities and infrastructure for the period from 1 July 2003 to 30 June 2004, representing an increase of $97,800 (4.8 per cent) when compared with the amount of $2 057,800 approved for the period from 1 July 2002 to 30 June 2003 (see A/57/675 and Corr.1, sect. II.A, table 1). The Advisory Committee was informed that the increase is due to increased requirements for the acquisition of prefabricated facilities stemming from the immediate need to refurbish the 13-year-old weather havens, related acquisition of accommodation equipment, office furniture, sanitation and cleaning materials, and rental of premises for a transport workshop. For the period from 1 July 2001 to 30 June 2002, there was underexpenditure of $447,600 (21.7 per cent) for facilities and

infrastructure (see A/57/674, sect. II A). This was due to the suspension of the activities of the Identification Commission and the corresponding reduction in personnel and civilian monitors, which resulted in lower requirements for equipment, supplies and services than originally foreseen in the cost estimates (ibid., para. 12).

23. The amount of $3,953,800 is requested for ground transportation for the period from 1 July 2003 to 30 June 2004, representing an increase of $2,021,800 (104.6 per cent) when compared with the amount of $1,932,000 approved for the period from 1 July 2002 to 30 June 2003. The increase is due to the fact that the Mission will replace 8 medium and 116 light 4x4 vehicles during the period (40 per cent of its current vehicle fleet), at a total cost of $2.8 million, since most of the vehicles have already reached the replacement age of five years or the mileage limit of 100,000 kilometres. The Advisory Committee was also informed that some of the vehicles to be replaced were obtained from other missions and that MINURSO was incurring high maintenance costs. There was underexpenditure of $240,000 (8.6 per cent) for ground transportation for the period from 1 July 2001 to 30 June 2002. This was because the actual costs of vehicle purchases were less than the budgeted amounts, resulting in savings under this item. (ibid., para. 13).

24. The amount of $5,511,800 is requested for air transportation for the period from 1 July 2003 to 30 June 2004, representing a decrease of $891,800 (13.9 per cent) when compared with the amount of $6,403,600 approved for the period from 1 July 2002 to 30 June 2003. The reduction is due to lower rental and operational costs for both fixed-wing aircraft and helicopters under current air charter contracts (see A/57/675 and Corr.1, para. 14). For the period from 1 July 2001 to 30 June 2002, there was underexpenditure of $720,300 (11.2 per cent) under this item. This was due to the fact that there were fewer actual flying hours than budgeted, resulting in reduced landing fees and ground handling and less fuel consumption than had been estimated (see A/57/674, para. 14). Upon enquiry, the Advisory Committee was informed that for the period from 1 July 2001 to 30 June 2002, provision was made for 3,060 hours for the three helicopters (600 block hours and 420 extra hours per helicopter) at a total cost of $2,221,100. In addition, provision was made for positioning costs of $180,000 and painting and preparation costs of $9,000, bringing the total to $2,410,100. With regard to actual flight hours, the Advisory Committee was informed that the 600 block hours were fully utilized for the three helicopters. However, only 143 out of the 420 extra hours budgeted were used, resulting in actual charter costs of $2,035,000. In addition, actual positioning costs amounted to $210,000 and painting and preparation costs amounted to $30,000, bringing the total rental and operation costs for helicopters to $2,275,000.

25. In connection with expenditure for fixed-wing aircraft for the period from 1 July 2001 to 30 June 2002, the Advisory Committee was informed that provision had been made for 480 block hours and 240 extra hours for each of the three fixed-wing aircraft. Although all block hours were used, only 82 out of the 240 extra hours were used; despite this, due to contractual obligations, there was no reduction in the charter costs. The unencumbered balance of $34,000 is due to lower positioning costs and the fact that the amount of $4,000 for painting was not utilized.

26. With regard to training, the Advisory Committee notes that for the period from 1 July 2003 to 30 June 2004, 32 staff are to be trained at a cost of $144,800, not

including travel (see para. 23 above). The Committee was informed that for the period from 1 July 2002 to 30 June 2003, 19 staff were to receive training. For the period from 1 July 2001 to 30 June 2002, the amount of $214,500 was used to train 40 staff (not including travel costs of $113,000). Upon enquiry, the Committee was informed that most of the staff trained had left the Mission to join other missions, including four trained in aviation who went to the United Nations Mission in Ethiopia and Eritrea and the United Nations Organization Mission in the Democratic Republic of the Congo. In this connection, the Committee notes that for the period from 1 July 2003 to 30 June 2004, provision is made to train four staff in various skills, including air safety, to replace those who have left the Mission.

27. For communications, the amount of $676,600 is requested for the period from 1 July 2003 to 30 June 2004, representing a decrease of $115,300 (14.6 per cent) when compared with the amount of $791,900 approved for the period from 1 July 2002 to 30 June 2003. The decrease is due to lower requirements for spare parts, taking into account past expenditure patterns as well as the Mission's ongoing efforts to replace old, obsolete and damaged communications equipment with up-to-date equipment and technology in order to improve communications capabilities throughout the area of operation, particularly at the team sites (see A/57/675 and Corr.1, para. 15).

28. The amount of $673,500 is requested for information technology for the period from 1 July 2003 to 30 June 2004, representing an increase of $212,300 (46 per cent) when compared with the amount of $461,200 approved for the period from 1 July 2002 to 30 June 2003. The increase is due to plans to replace 25 per cent of the Mission's current inventory of computers, laptops, printers and servers as well as to upgrade its communications and information technology (Ibid., para. 16). **In this connection, the Advisory Committee cautions against the apparent tendency to habitually replace information technology and communications equipment merely to keep up with the new, state-of-the-art developments in equipment and software. There appears to be little evidence that these regular changes automatically increase the productivity and efficiency of mission operations.**

IV. Recommendations of the Advisory Committee

29. The actions to be taken by the General Assembly in connection with the financing of MINURSO for the period from 1 July 2001 to 30 June 2002 are indicated in paragraph 18 of the performance report (A/57/674). **The Advisory Committee recommends that the unencumbered balance of $9,759,100 for the period from 1 July 2001 to 30 June 2002 and other income and adjustments of $2,530,400 be credited to Member States in a manner to be decided by the General Assembly.**

30. The actions to be taken by the General Assembly in connection with the financing of MINURSO for the period from 1 July 2003 to 30 June 2004 are set out in paragraph 18 of the proposed budget (A/57/675 and Corr.1). The Advisory Committee notes that there has been persistent underexpenditure in this Mission, as shown in annexes I and II below. In view of the expenditure pattern for this Mission, and taking into account what it has said above with regard to budgeting for staff costs and travel, **the Advisory Committee recommends that the amount of $41,529,500 gross ($38,488,500 net)[4] be appropriated for the maintenance of**

MINURSO for the 12-month period from 1 July 2003 to 30 June 2004 and that the amount be assessed at a monthly rate of $3,460,792 gross ($3,207,375 net) should the Security Council decide to extend the mandate of MINURSO beyond 31 May 2003.

Notes

[1] See *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5* (A/57/5), vol. II, table II.4.

[2] Ibid., chap. II, paras. 124-125.

[3] The Committee was informed that due to a typographical error, the amount of $347,500 indicated in the budget document should read $347,300.

[4] Equivalent to the level of the apportionment for 2002-2003.

Annex I

MINURSO: Status of expenditure for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003

(Thousands of United States dollars)

Category	*Apportionment (1)*	*Expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*
I. Military and police personnel			
Military observers	4 801.0	2 949.5	1 851.5
Military contingents	791.4	568.2	223.2
Civilian police	578.5	379.5	199.0
Formed police units	-	-	-
Subtotal, line 1	**6 170.9**	**3 897.2**	**2 273.7**
II. Civilian personnel			
International staff	19 941.7	11 503.7	8 438.0
National staff	1 693.1	884.9	808.2
United Nations Volunteers	-	-	-
Subtotal, line 2	**21 634.8**	**12 388.6**	**9 246.2**
III. Operational costs			
General temporary assistance	-	-	-
Government-provided personnel	195.0	23.7	171.3
Civilian electoral observers	-	-	-
Consultants	32.9	9.0	23.9
Official travel	200.4	294.7	(94.3)
Facilities and infrastructure	2 057.8	721.0	1 336.8
Ground transportation	1 932.0	1 050.0	882.0
Air transportation	6 403.6	4 875.1	1 528.5
Naval transportation	-	-	-
Communications	791.9	732.6	59.3
Information technology	461.2	88.3	372.9
Medical	88.0	46.0	42.0
Special equipment	-	-	-
Miscellaneous supplies, services and equipment	1 561.0	1 054.6	506.4
Quick-impact projects	-	-	-
Subtotal, line 3	**13 723.8**	**8 895.0**	**4 828.8**

Category	*Apportionment (1)*	*Expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*
Gross requirements	**41 529.5**	**25 180.8**	**16 348.7**
Staff assessment income	3 041.0	1 302.7	1 738.3
Net requirements	**38 488.5**	**23 878.1**	**14 610.4**
Voluntary contributions in kind (budgeted)	3 670.8	-	3 670.8
Total requirements	**45 200.3**	**25 180.8**	**20 019.5**

Annex II

Unencumbered balances in the budget for the United Nations Mission for the Referendum in Western Sahara

(United States dollars)

	Unencumbered balance	
Period	*Gross*	*Net*
1 July 1998-30 June 1999	15 392 300	13 520 600
1 July 1999-30 June 2000	2 913 400	2 312 800
1 July 2000-30 June 2001	3 327 737	2 862 202

Of $45.2 million approved for the period from 1 July 2002 to 30 June 2003, expenditure as at 28 February 2003 amounted to $25.2 million.